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TO THE NATIONAL SECURITIES MARKET COMMISSION (*COMISIÓN NACIONAL DEL MERCADO DE VALORES*)

MERLIN Properties, SOCIMI, S.A. (“MERLIN”), in compliance with the applicable legislation, hereby notifies the following

RELEVANT INFORMATION

MERLIN will hold an investor call with analyst and institutional investor, today, **Thursday 22 September 2016, at 3pm Madrid/CET**, which can be followed on line, through audio and video conference, with the following *link* and access code:

Link:

<https://merlinproperties.webex.com/merlinproperties/onstage/g.php?MTID=ec2d49c5eedfa981455082210246dd784>

Access code: 21346524

Participant dial in numbers:

- Spain +34 91 414 3761
- France 0176728921
- Germany 069222216149
- UK +44 (0) 1452 58 1401
- USA +1 866 966 6832

Attached you will find the press release, supporting documentation for the presentation, and the management report, that will also be available on MERLIN’s corporate website (www.merlinproperties.com).

Madrid, 22 September 2016.

MERLIN Properties, SOCIMI, S.A.

MERLIN Properties reports solid first half results

- Gross rents: € 154.6 million (+136% vs 1H 2015)
- Recurring EBITDA: € 135.5 million (+130% vs 1H 2015)
- Recurring FFO: € 98.7 million (+121% vs 1H 2015)
- Gross asset value: € 6,527 million (+5.4% vs Dec-2015)
- NAV per share: € 10.6 (+7.6% versus Dec-2015)

- Financial results posted grew substantially, with a notable growth in FFO per share above 32%.
- Outstanding portfolio performance, with both occupancy and rents rising on a like for like basis.
- The portfolio revaluation leads to a compelling increase in the net asset value per share of 7.6%
- Following the successful completion of the bond issuance in April, MERLIN Properties exhibits a strong capital structure and achieves a total shareholders return (dividend plus NAV growth) in the period of 8.7%.

Madrid, 22 September.- MERLIN Properties has released its 1H 2016 consolidated financial statements with total revenues of € 154.6 million (+136% versus 1H 2015) and a recurring EBITDA of € 135.5 million (+130%). Consolidated net profit, in accordance with IFRS, amounts to € 211.1 million (+77%). The Company has reached a FFO per share level of 31 cents per share, representing a sizeable increase of 32% as compared to 1H 2015, and provides evidence of the company's ability to deploy the equity provided creating value to shareholders.

These results reflect the outstanding performance of the portfolio. This semester has set a record in terms of leasing activity (over 300,000 sqm contracted). Occupancy has grown to reach 95.5%, and most notably, like for like rental growth has been 6.2%. For offices, the main events have been the renewal of Uría Menendez in Príncipe de Vergara 187, the new lease signed with Porsche in Padres Dominicos as well as the new lease signed with Cellnex in Juan Esplandiú, 11-13. For shopping centers, the most relevant event has been the new lease signed with Leroy Merlin in Marineda and the renewal of Primark in Larios. For logistics

it is noteworthy the pre-let signed with Luis Simões in Cabanillas II (48,000 sqm of GLA), raising the level of pre-lets to 60%, one year ahead of construction works ending.

Following the appraisal carried out by CBRE and Savills, the gross asset value (GAV) of the portfolio amounts to over 6.5 billion euros, growing 7.8% as compared to December. EPRA net asset value (EPRA NAV) is above 3.4 billion euros, or 10.60 cents per share, compared to 9.85 in December (+7.6%).

MERLIN capital structure captures the intense work performed in the period, starting with the Testa refinancing, followed by an unsecured term loan and ended with the successful inaugural bond issuance completed in April. LTV is now reduced to 47.9%, while average maturity has been extended (6.6 years) and all financing ratios are improved. Total return to shareholders in the period, measured as dividend distributed plus EPRA NAV growth, has been 8.7%.

MERLIN Properties has also announced the acquisition of Saba Parques Logísticos (SPL). SPL is a reference company in logistics in Spain. Renowned for its broad footprint, SPL owns landmark assets such as the Parc Logístic de la Zona Franca (PLZF) in Barcelona or ZAL Sevilla. This will add 375,000 sqm of GLA to MERLIN logistics portfolio, out of which 153,000 sqm are in PLZF (with tenants such as Correos, Air Pharma, Logista, ASM and Cellnex) and 106,000 sqm in ZAL port of Sevilla (tenants such as Decathlon, Airbus or Norbert Dentressangle). Other assets include 83,000 sqm in Vitoria, a logistics park to be developed in Lisbon and land bank for future construction. This transaction reinforces MERLIN consolidated position in Barcelona logistics, being the dominant player in the first isochrone, and expands the footprint on an Iberian scale towards the south (Sevilla), north (Vitoria) and west (Lisbon). The transaction was given clearance by antitrust authorities this week and is due to be completed this quarter.



Press release

22 September 2016

About MERLIN Properties

MERLIN Properties SOCIMI, S.A. (MC:MRL) is the largest real estate company trading on the Spanish Stock Exchange, with a market capitalization of approximately 3,200 million euros, specialized in the acquisition and management of commercial property in the Iberian region. MERLIN Properties mainly invests in offices, shopping centers and logistics facilities, within the Core and Core Plus segments, forming part of the benchmark IBEX 35, Euro STOXX 600, FTSE EPRA/NAREIT Global Real Estate, GPR Global Index, GPR-250 Index, and MSCI Small Caps indices.

Please visit www.merlinproperties.com to learn more about the company.

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22 SEPTEMBER 2016

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Presenters



ISMAEL CLEMENTE
CEO



MIGUEL OLLERO
CFO / COO



DAVID BRUSH
CIO

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1H16 Financial results

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GLA 1,895,760 sqm IN STOCK	GLA 502,915 sqm EXPANSION PROJECTS	GRI ⁽¹⁾ € 308.5 m ANNUALIZED	ATTRIBUTED GRI ⁽²⁾ € 322.4 m ANNUALIZED
1H16 € 154.6 m GROSS RENTS	1H16 € 135.5 m REC. EBITDA	1H16 € 98.7 m REC. FFO ⁽³⁾	1H16 € 80.6 m EPRA EARNINGS
EPRA 5.0% GROSS YIELD	EPRA 4.7% NET YIELD	EPRA € 3,423 m NAV	EPRA 10.6 NAV/SHARE
JUNE 16 € 6,527 m GAV ⁽⁴⁾	JUNE 16 € 3,124 m NET DEBT	JUNE 16 47.9% LTV	SPOT 2.4% COST OF DEBT

Source: Company

⁽¹⁾ Annualized gross rents/net rents calculated as passing gross rent/net rent as of June 30, multiplied by 12. GRI and net rents include fully consolidated assets.⁽²⁾ Minority stakes would proportionally add € 13.9 m of gross rents to a total of € 322.4 million.⁽³⁾ FFO calculated as EBITDA (€ 128.2m) minus net financial expenses (€ 36.8m).⁽⁴⁾ Includes June-2016 Savills/CBRE appraisals plus total acquisition costs for forward purchase assets.



FINANCIAL RESULTS 1H 2016



OUTSTANDING +32% YOY GROWTH IN RECURRING FFO/SHARE

(€m)	1H 2016	1H 2015	YoY
Gross rents ⁽¹⁾	154.6	65.4	+136.4%
Net rents ⁽²⁾	142.3	63.1	+125.5%
EBITDA	128.2	57.3	+123.7%
FFO	91.4 ⁽³⁾	43.1	+111.8%
Recurring EBITDA ⁽⁴⁾	135.5	58.9	+130.2%
Recurring FFO ⁽⁵⁾	98.7	44.7	+120.7%
EPRA earnings	80.6	44.8	+79.9%
IFRS net profit	211.1	119.6	+76.6%
(Per share in €)			
Recurring EBITDA	0.42	0.30	+38.1%
Recurring FFO	0.31	0.23	+32.4%
FFO	0.28	0.21	+27.1%
EPRA EPS	0.25	0.23	+7.9%
IFRS EPS	0.65	0.62	+5.9%

Source: Company

⁽¹⁾ Annualized gross rents and net rents have been calculated as passing gross / net rent as of June 30, multiplied by 12.

⁽²⁾ Gross rents net of property expenses not recharged to tenants, incentives and collection loss.

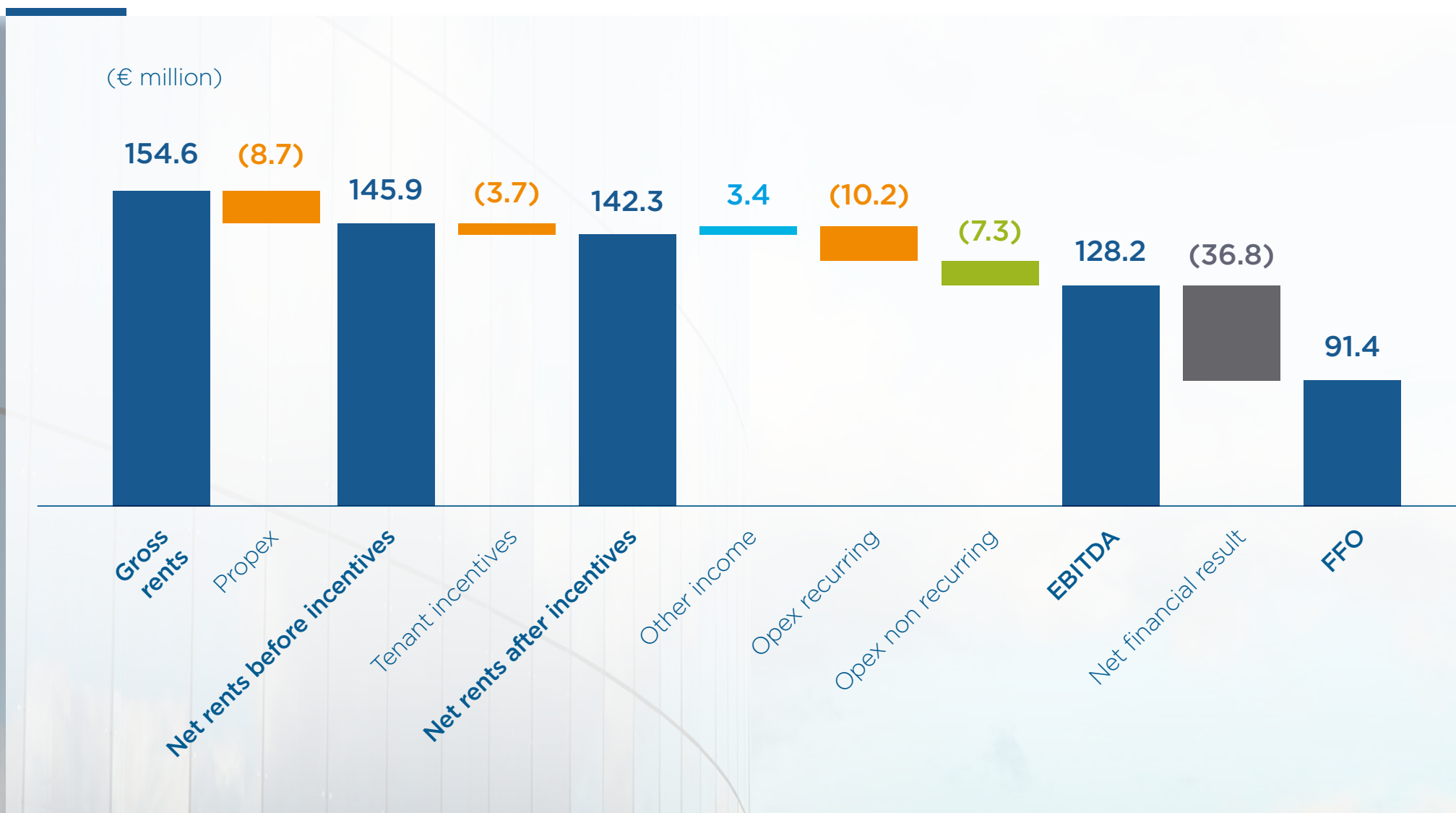
⁽³⁾ FFO calculated as EBITDA (€ 128.2m) less net financial expense paid of €36.8m.

⁽⁴⁾ Recurring EBITDA equals EBITDA less non-recurrent one-off expenses.

⁽⁵⁾ Recurring FFO equals FFO less non-recurrent one-off expenses.



EXCELLENT OPERATING EFFICIENCY (92% GROSS-TO-NET & 88% EBITDA MARGIN)



Source: Company.



EPRA NAV PER SHARE GROWS € 0.75 IN THE PERIOD (+7.6%)

	1H 2016		Dec 2015		Change
	€ m	Per share	€ m	Per share	
EPRA NAV	3,423.2	€ 10.60	3,181.2	€ 9.85	7.6%
EPRA NNAV	3,045.7	€ 9.45	2,926.4	€ 9.06	4.3%
Adjusted EPRA NAV	3,344.9	€ 10.35	2,981.5	€ 9.23	12.1%
<hr/>					
EPRA net initial yield ⁽¹⁾	4.7%		5.0%		
EPRA “topped-up” NIY ⁽²⁾	4.7%		5.0%		
EPRA occupancy ⁽³⁾	95.5%		94.6%		
Recurring EPRA Costs	14.6%		14.3%		

Includes

Propex	5.6%		
Tenant incentives	2.4%		
Opex recurring	6.6%	Personnel	4.5%
		Other	2.1%

Source: Company

⁽¹⁾ Calculated as annualized net rents after incentives and collection loss (passing net rents as of June 30, multiplied by 12), divided by commercial portfolio GAV

⁽²⁾ Adjustment to the EPRA Net Initial Yield in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents)

⁽³⁾ EPRA occupancy



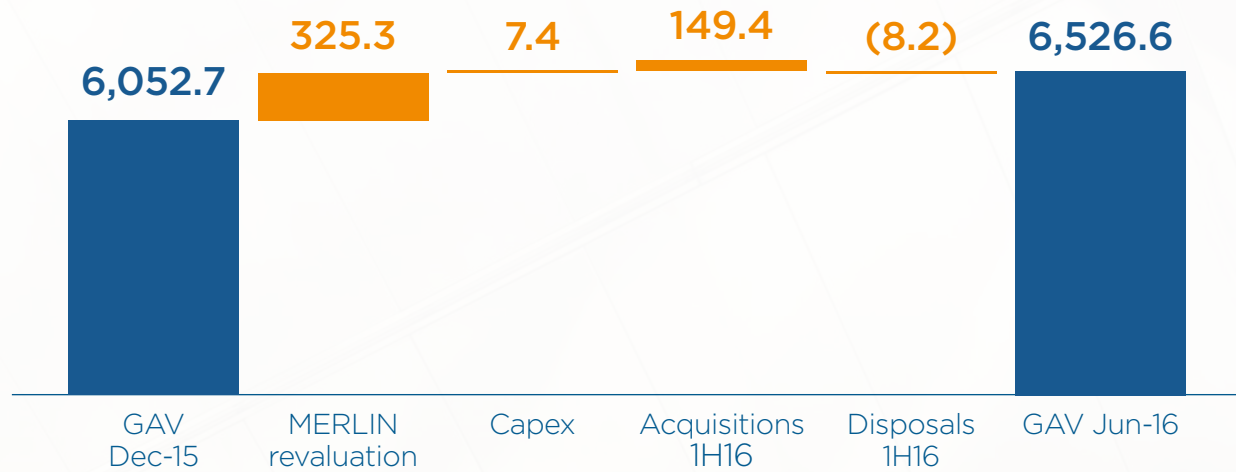
HIGH QUALITY ASSETS DRIVING STEADY GROWTH IN GAV (+5.4% LFL)

(€ m)	1H16	FY15	Lfl Change
Office	2,337.7	2,189.6	3.1%
Shopping centers	709.4	683.7	8.2%
Logistics	290.3	276.5	5.0%
High street retail	2,040.3	1,934.6	5.5%
Hotels	412.9	397.5	3.9%
Rented residential	340.0	288.1	18.0%
Other	4.0	12.2	1.3%
Land for development	107.8	50.5	9.0%
Non-core land	131.7	132.6	(0.7%)
Minority stakes	152.3	138.1	10.3%
MERLIN	6,526.6	6,052.7	5.4%

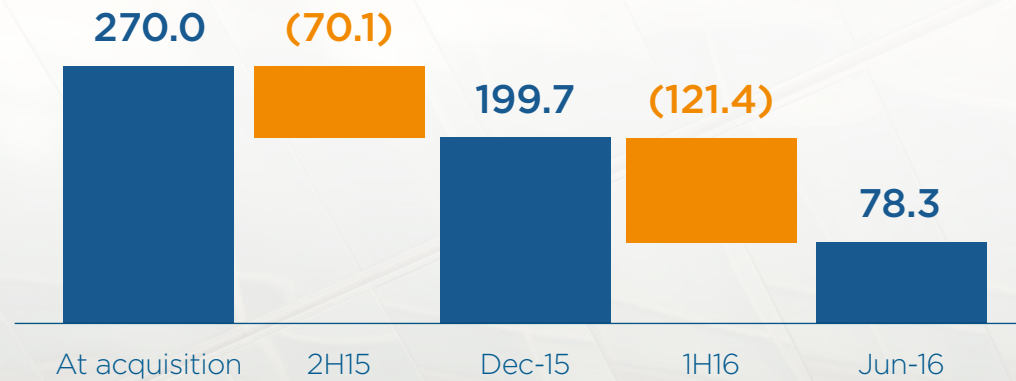


+70% OF TESTA GOODWILL OFFSET IN 1 YEAR

GAV bridge

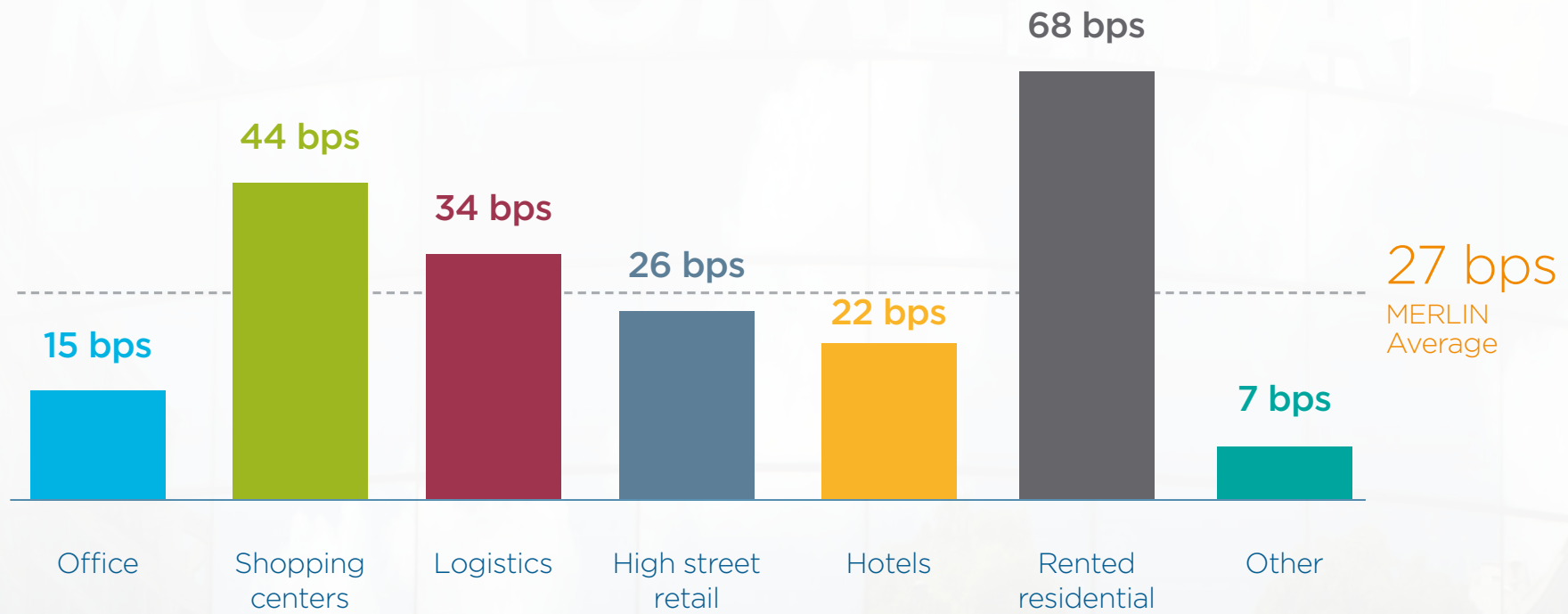


Testa Goodwill bridge





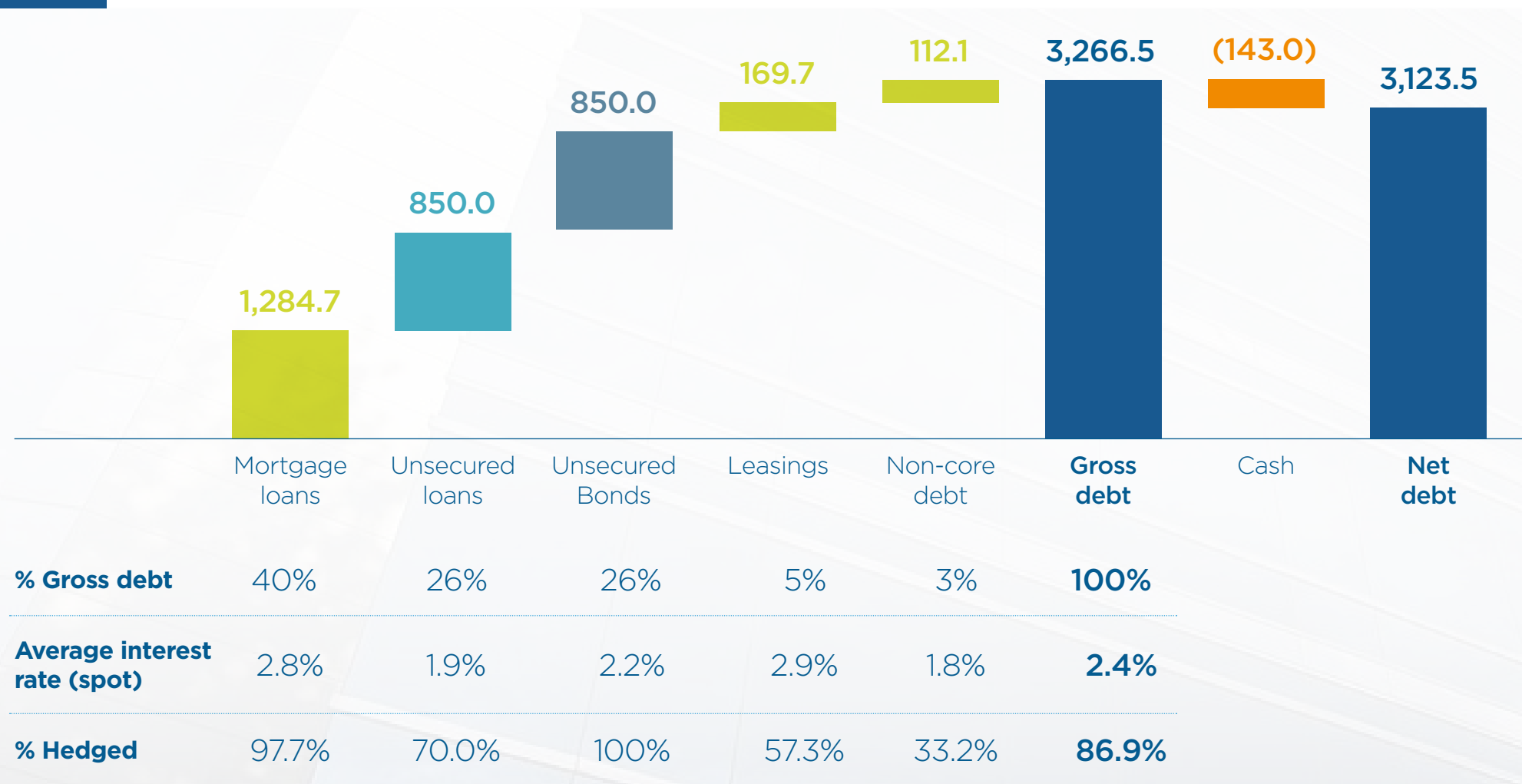
GAV INCREASE MOSTLY DRIVEN BY PRUDENT YIELD COMPRESSION



HIGH POTENTIAL FOR FURTHER CAPITAL VALUE GROWTH



STRONG CREDIT PROFILE WITH OVER 57% OF DEBT UNSECURED

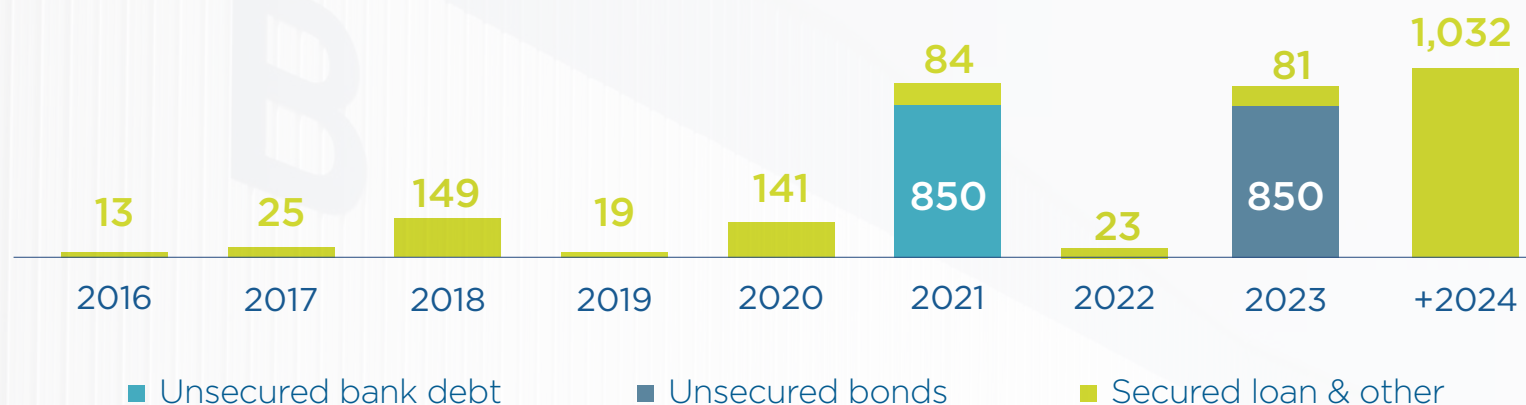


€ 3BN DEBT REFINANCINGS INTERNALLY EXECUTED (NO ARRANGEMENT FEES PAID)



REDUCING LEVERAGE, EXTENDING MATURITIES, LOWERING FLOATING RATE EXPOSURE

Debt schedule



Debt metrics

	30/6/16	31/12/15
LTV	47.9%	49.8%
Average Interest rate (spot)	2.4%	2.2%
Debt with floating interest rate	13.1%	56.7%
Unencumbered debt⁽¹⁾	57.2%	16.5%
Undrawn facilities (€m)	320.0	-
Average maturity (years)	6.6	3.7

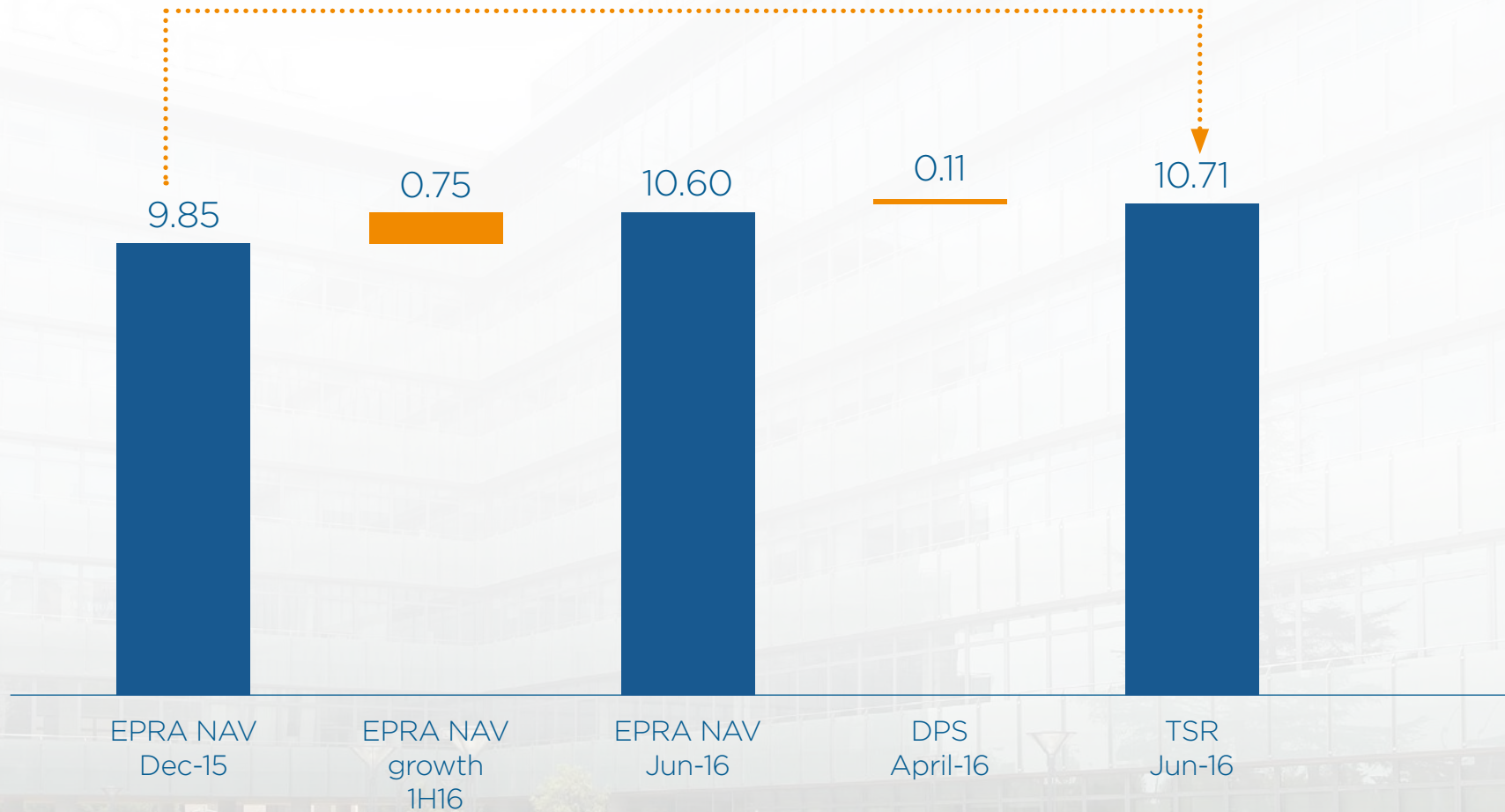
⁽¹⁾ Calculated as nominal debt amount without collateral security divided by total debt.



EXCELLENT RETURN TO SHAREHOLDERS IN THE PERIOD

€ per share

TSR = +8.7%



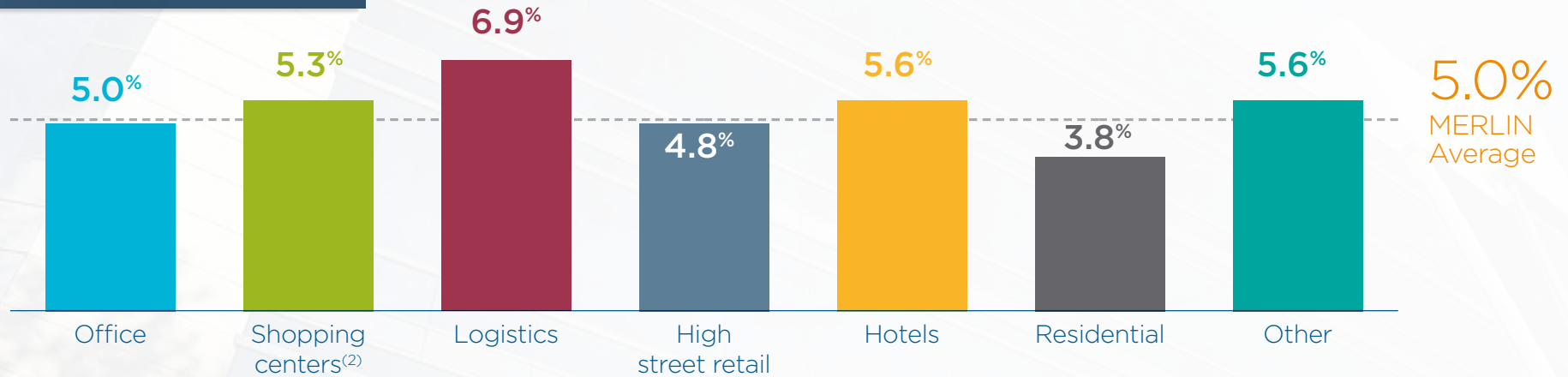
A nighttime cityscape featuring several prominent skyscrapers. On the left, a tall building has a vertical red light strip. In the center, a dark skyscraper is lit up. To the right, two more skyscrapers are brightly lit, one with a distinctive pointed top. The foreground shows a large stadium with many lights, and the background includes a city skyline and distant mountains under a dark blue sky.

PORTFOLIO PERFORMANCE

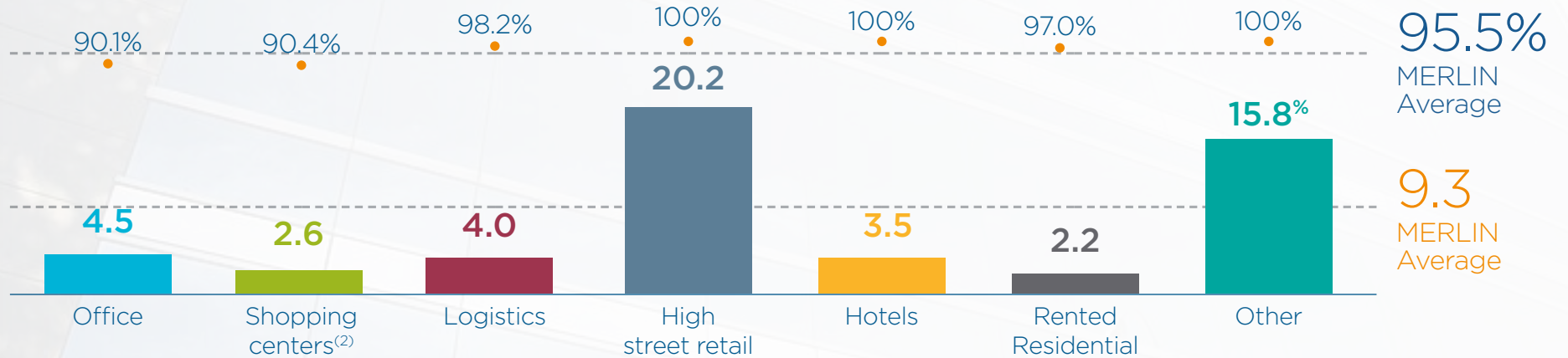


INCOME RESILIENCE THROUGH HIGH OCCUPANCY AND LONG DATED WAULT

EPRA Gross Yield per asset type⁽¹⁾



Occupancy and WAULT per asset type⁽²⁾



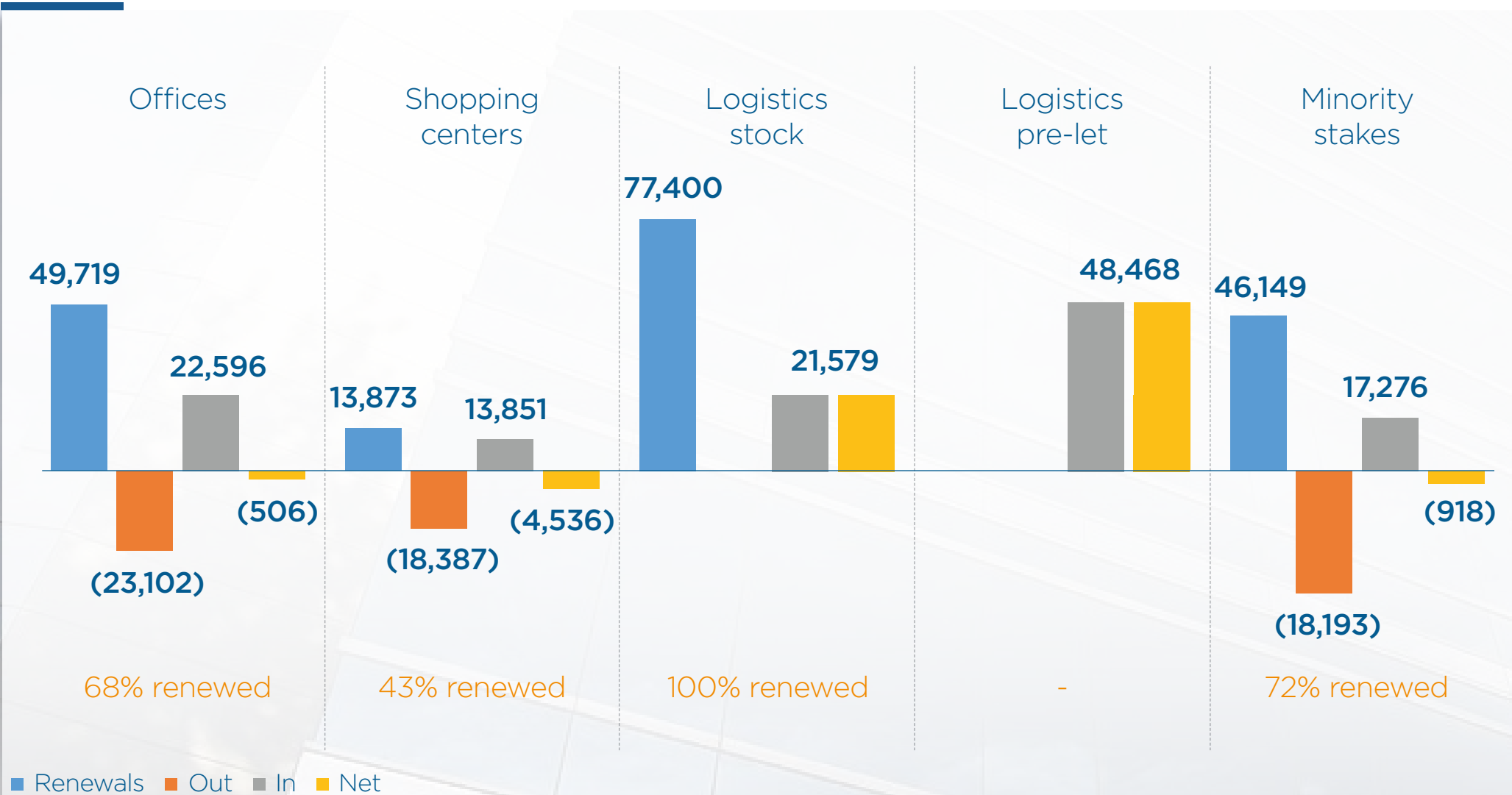
Source: Company

⁽¹⁾ Gross yield is calculated dividing annualized gross monthly rents by GAV

⁽²⁾ WAULT by Rents means the weighted average unexpired lease term, calculated as of 30 June 2016



RECORD PERIOD IN LETTING ACTIVITY WITH 311K SQM CONTRACTED





ATTRACTING LEADING CLIENTS

Office

URÍA MENÉNDEZ

Renewal
10,732 sqm
Principe de Vergara 187



PORSCHE

In
1,718 sqm
Padres Dominicos T4



In
3,015 sqm
Juan Esplandiú, 11-13



In
4,667 sqm
Aquamarina

Shopping centers

PRIMARK®

Renewal
5,389 sqm
Larios



Renewal
4,177 sqm
Marineda



In
11,984 sqm
Marineda

ZARA

Renewal
2,026 sqm
Larios

Logistics

DACHSER

Renewal
28,490 sqm
Coslada Complex



In
21,579 sqm
Pedrola Complex



In
48,468 sqm
Cabanillas II



Renewal
38,763 sqm
Alovera





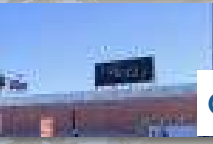



REAL, POSITIVE LFL RENTAL GROWTH ACROSS THE BOARD

Commercial annualized LfL rent evolution (passing 30/06/16 vs. passing 31/12/15)

	Absolute					% LfL effect		% LfL
	% Renewed	# Leases	Rent Change	Occupancy	CPI	Rent	In total	Same space
Office	12%	40	(1,162)	(811)	(172)	(179)	(0.16%)	(0.91%)
<i>Excl. expiry of 2 old leases</i>	9%	38	2,100	1,480	(166)	786	0.75%	5.70%
Shopping Centres	12%	53	(900)	(1,414)	(29)	544	1.46%	11.99%
Logistics	18%	4	546	647	(29)	(72)	(0.37%)	(2.02%)
<i>Excl. expiry of 1 old lease</i>	16%	3	741	647	(21)	115	0.67%	4.32%
TOTAL	13%	97	(1,441)	(1,578)	(156)	294	0.18%	1.06%
<i>Excl. expiry of old leases</i>	11%	94	2,016	713	(142)	1,445	0.91%	6.24%



RETAIL METRICS **OUTPERFORMING** THE MARKET

	LTM Footfall (million)	LTM Footfall evolution	LTM Sales (million)	LTM Sales evolution
 Marineda	16.7	6.6%	165.1	4.8%
 Arturo Soria	4.9	8.0%	25.7	5.4%
 Centro Oeste	6.9	4.1%	45.5	1.9%
 Porto Pi	9.2	21.4%	88.0	8.9%
 Larios	11.1	7.9%	57.9	6.1%
 Monumental	2.3	14.1%	8.5	8.5%
MERLIN	51.1	+9.4%	390.7	+5.7%



3 NEW CERTIFICATES OBTAINED TO A TOTAL OF 7 OFFICE BUILDINGS + 2 SHOPPING CENTERS

EUCALIPTO 25



EUCALIPTO 33



PARTENON 16-18



AV. BRUSELAS 33



PEDRO VALDIVIA 10



PARTENON 12-14



CASTELLANA 83-85



LARIOS



PORTO PI



INVESTMENT ACTIVITY





DESCRIPTION

- Saba Parques Logísticos (SPL) is a **reference player in logistics in Spain**, owning landmark assets such as Parc Logistic Zona Franca (PLZF) in Barcelona and ZAL in Sevilla.
- The company owns **353k sqm** of stock plus potential to develop a further **1.5 million sqm**.
- PLZF is a leading logistics park with an excellent location in the **Barcelona port**, with direct access to the airport and 7 km from city centre.
- Closing expected in **4Q 2016**.

VALUE DRIVERS

- Consolidation in Barcelona becoming #1 player in the first isochrone market.
- Footprint expanded towards the South (Sevilla), North (Vitoria) and West (Lisbon) of the Iberian Market.

SABA Parques Logísticos S.A.

	75.6% Parc Logistic de la Zona Franca	60% Zal Sevilla	44.4% Arasur	100% CIM Vallés	100% SPL Lisboa Norte	Total
Logistic GLA (sqm)	131,006	106,700	85,003	2,650	-	321,906
Land for logistic develop (sqm)	-	99,209	773,479	-	642,540	1,515,228
Land for office develop (sqm)	146,006	-	-	3,000	-	149,006
GRI	10.0	4.1	1.7	0.6	-	16.4
GRI less leaseholds	8.1	3.7	1.7	0.6	-	14.1

KEY METRICS

325k sqm

Stock logistics

48k sqm

Stock office & other

14.1m

GRI less leasehold costs

1.5m sqm

Logistics
development

149k sqm

Office & other
development

>9.0%

Yield on cost⁽¹⁾

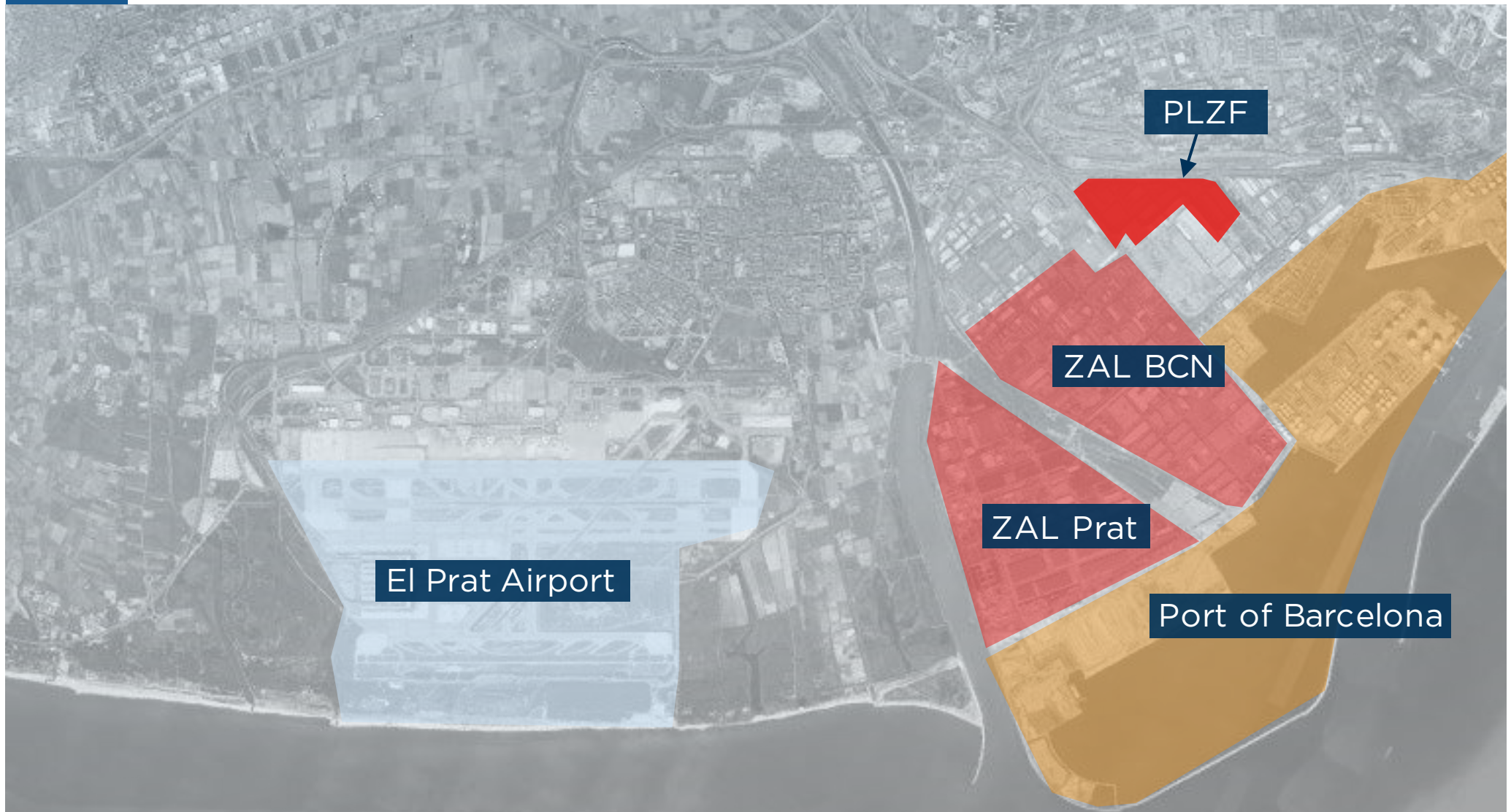
€189m

Price

⁽¹⁾ Calculated as GRI less leaseholds divided by value ex land for development.

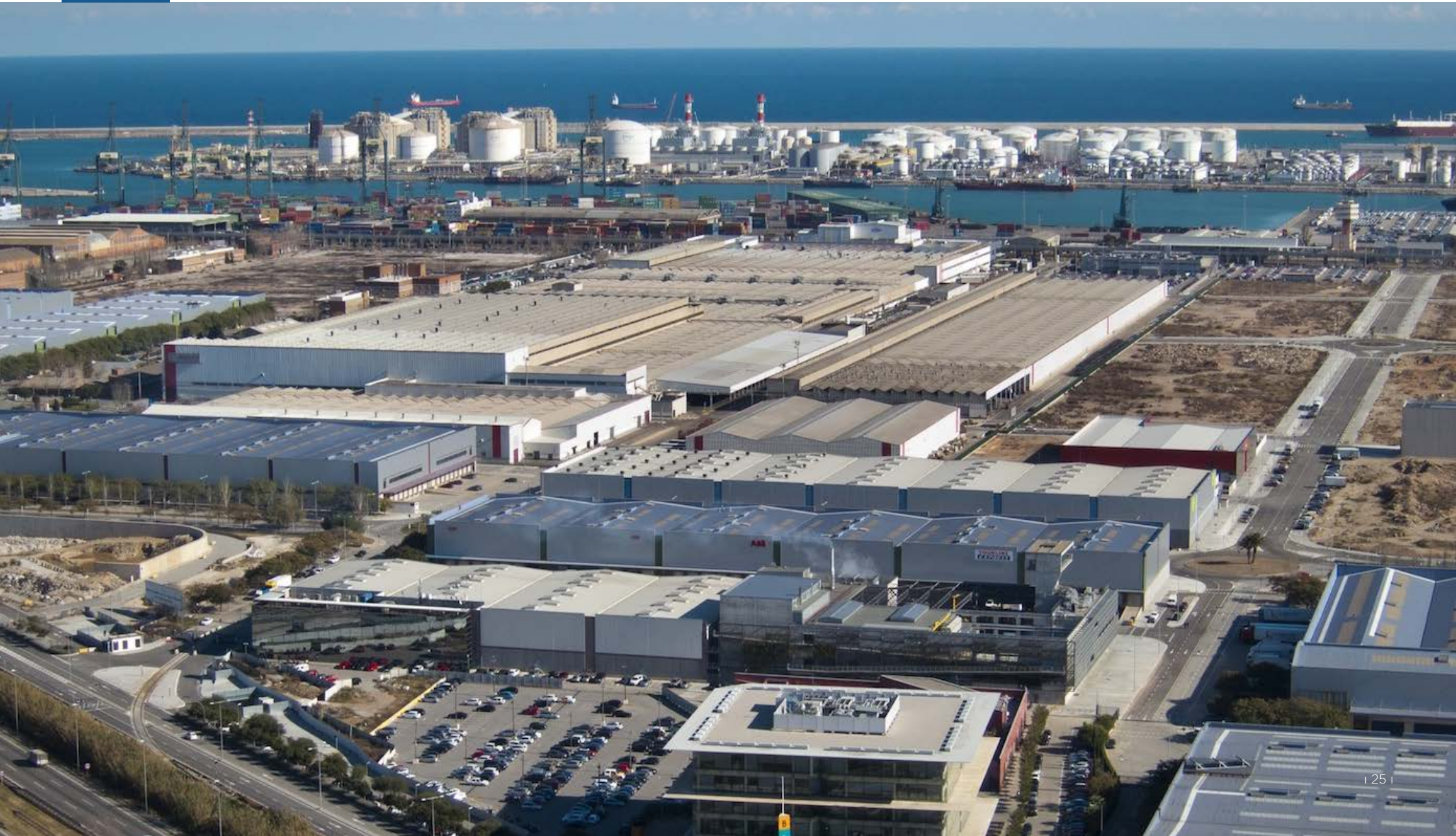


EXCELLENT LOCATION IN “MAIN & MAIN” LOGISTICS AREA OF BARCELONA 1ST ISOCHROME
ADJACENT TO ZAL PRAT AND ZAL BARCELONA (OPERATED BY MERLIN PROPERTIES)





TOP-TIER TENANTS: CORREOS, AIR PHARMA, LOGISTA, ASM, CELLNEX, ABERTIS





EXPANDING FOOTPRINT TO MAIN LOGISTICS HUB IN **SOUTHERN SPAIN** WITH TOP TENANTS SUCH AS DECATHLON, AIRBUS, NORBERT DENTRESSANGLE





100% OF BBVA BRANCHES SOLD LOCATED IN PERIPHERAL PRIME LOCATIONS





CLOSING REMARKS



EXCELLENT SET OF RESULTS

- **+7.6%** EPRA NAV per share
- **+32.4%** Rec. FFO per share
- Total shareholders return of **8.7%** in the 1H 16
- **Robust financial position:** maturities extended and floating interest exposure reduced

HIGH QUALITY ASSETS DELIVERING PERFORMANCE

- **Great performance** across the board
- Rising rental **growth**
- **Strong letting** activity driving **occupancy upwards**
- Retail operational metrics

INVESTMENT ACTIVITY OFFERING GROWTH POTENTIAL

- **New transactions** with excellent growth potential
- SPL **consolidates** MERLIN in Barcelona port and further expands footprint south, north and west of the Iberian Peninsula
- **Recycling capital** with sizeable capital gains



MERLIN

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